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THE WHITE HOUSE

WASHINGTON

NATIONAL SECURITY STUDY
DIRECTIVE NUMBER 3-86

September 19, 1986

U.S. SUPPORT FOR ECONOMIC GROWTH
IN SUB-SAHARAN AFRICA (U)Introduction

This National Security Study Directive establishes the Terms of Reference for a review of U.S. economic programs and policies which will serve as the basis for implementing the President's goal of helping to end hunger in Sub-Saharan Africa. This goal takes into account factors such as (1) humanitarian interest in Africa; (2) concern for Africa's economic problems; (3) commitment to reform by African leaders at the UNGA Special Session on the African Economic Crisis; (4) declining levels of U.S. assistance to Africa; (5) the need to target assistance toward growth, stabilization and debt management; and (6) the review of overseas staffing levels for diplomatic security reasons. (C)

Objectives

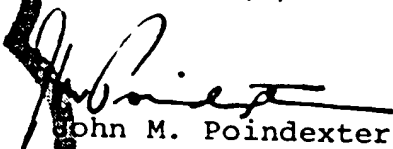
The President has established a policy goal for the U.S. to help end hunger in Africa through economic growth and private enterprise development. The objective of the NSSD is to orient U.S. economic policies and programs to that end and to support the international effort to help Africa resume economic growth and manage its debts. (U)

Scope

The Task Force Report will be based on existing USG, World Bank, IMF and other available analyses. No new written material will be requested unless gaps are identified. Working Groups will provide recommendations to the Task Force which will serve as the basis for a report to the President on how to implement his goal for Africa. The report will cover actions already taken as well as recommend further action. (C)

Please provide the name of the point of contact for this NSSD from your Agency to the NSC Director of African Affairs (395-3391) by COB, Thursday, September 25, 1986. (U)

FOR THE PRESIDENT:


John M. PoindexterAttachment
NSSD OutlineCONFIDENTIAL
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The Task Force will address the following, within the context of U.S. political, strategic and economic goals for Africa: (C)

1. Economic Assistance. Identify African government policies needed to promote growth through private enterprise; identify policies to improve the impact of stabilization programs on private enterprise and economic growth; identify options or strategies for broadening the benefits of policy reform for the majority of the people; assess role of government and U.S. support to the public sector; identify policies and programs to stimulate local private sector response to growth opportunities and rural linkages; identify optimal blend of assistance, e.g. program/project/PVO/food aid/central programs, for different country debt/growth situations. (U)
2. Debt Management. Develop programs and policies whereby U.S. actions on outstanding and new debt are leveraged to reinforce growth and private enterprise; identify programs and policies to support African efforts to manage their debt; identify policies for rescheduling, new lending, grant vs. loan assistance and arrears; identify structural causes of budget deficits and policies and programs to address these; identify financial management tools for alleviating the debt burden; develop a strategy to enlist the support of other creditors. (U)
3. Food Aid Policy. Determine how U.S. agricultural resources can be used as incentives for economic growth; maximize food aid and current food stocks to generate resources for Sub-Saharan Africa, consistent with the President's goal of regional food self-sufficiency; consider monetization of food aid, food for work, use of local currency generation, policy dialogue, and role of food aid in promoting intra-regional trade; determine which food aid vehicles (Titles I, II, III, Food for Progress, Section 206) are appropriate to specific development objectives. (U)
4. Private Sector Trade, Investment and Role in Economic Assistance. Identify optimal contribution of U.S. private sector for growth in Africa; identify policies to increase U.S. trade and investment with Africa, including consideration of special trade incentives for low-income countries; identify options for U.S. government agencies to better support U.S. private business involvement in Africa; identify administrative and legislative adjustments needed to improve the contribution of the U.S. private sector to Africa's growth. (U)

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5. Multilateral Diplomacy and Implications for U.S. Foreign Policy. Identify a framework for enhanced donor coordination on broad policy and program issues; assess relative priority of economic growth with other U.S. political and strategic objectives in Africa; given that economic pluralism is a prerequisite for political pluralism and democracy, identify options for U.S. support to political regimes which do not foster private sector growth policies leading to equitable growth; identify strategy for making shift to countries which support private enterprise and growth. (C)
6. Budget Allocation. Develop a structure of budget presentation and implementation that will ensure that 1) budget allocations for the region are evaluated on the basis of the President's goal by both the Administration and the Congress; and 2) the administrators of this program are given the needed flexibility to implement their tasks in accordance with the goal; identify legislative changes needed to meet the President's goal for the region. (C)
7. Administration: Organizing the USG. Assess administrative changes and follow-up procedures to ensure that the President's goal for Africa is implemented for the remainder of this century, including orientation of all Executive Branch economic efforts for Sub-Saharan Africa; inter-agency coordination for implementation of growth-oriented policies and programs; continued monitoring and evaluation of the results of the program; policy directives for U.S. agencies and representations; administrative changes, employee training and hiring needed to enhance the capacity of the agencies to implement this policy; and legislative requirements to implement the program. (C)

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